

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building
Room 210
9:00 A.M.
April 5, 2017
TELEPHONIC MEETING

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Mark Fagergren, Licensing and Education Director
Kadee Wright, Chief Investigator
Justin Barney, Hearing Officer
Elizabeth Harris, Assistant Attorney General
Eric Stott, Real Estate Analyst
Amber Nielsen, Board Secretary
Marvin Everett, Investigator
Tim Cuthbertson, Investigator
Lark Martinez, Mortgage Education Coordinator
Mike Page, Division Staff
Desha Pages, Division Staff
Faruk Halilovic, Division Staff

COMMISSION MEMBERS PRESENT

Kay Ashton, Vice Chair
Cathy J. Gardner, Commissioner
G. Scott Gibson, Commissioner

The meeting on April 5, 2017 of the Utah Residential Mortgage Regulatory Commission began at 9:00 a.m. with Vice Chair Ashton conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

The minutes from the last meeting were not finalized at the time of the meeting and will be approved at the next meeting.

Public Comment Period

There were no comments given.

DIVISION REPORTS

Director's Report – Jonathan Stewart

Director Stewart reported the Division Bill and the effective date will be May 8, 2017. The NMLS put a notice on their website March 31, 2017 announcing Utah had adopted the UST.

Enforcement Report – Kadee Wright

Ms. Wright reported the enforcements statistics were unavailable at this time.

There are no stipulations for review.

Education/Licensing Report

Mr. Fagergren provided an update regarding the post-licensing education committee. He reported Commissioner Gardner is chair of that committee. Commissioner Gibson, Teresa Whitehead of Citywide, Lark Martinez and Marvin Everett from the Division are also on the committee. They are hoping to add one more industry member to the committee. He anticipates their being some more discussion at the meeting next month.

Mr. Fagergren presented some proposed changes to the Lending Manager approval process. Mr. Fagergren outlined the current approval process which requires the candidate to obtain Division approval of their experience prior to the candidate beginning the Lending Manager course. Mr. Fagergren pointed out some unanticipated problems associated with the current process which have been brought the Division's attention. Many applicants apply who are not qualified since there is no standard or fee to apply which slows down the process for qualified applicants, applicants who are approved may exceed the one year period to complete the education and the applicant must resubmit the application, and some candidates may have their employment status put at risk by documenting their experience. The Division's intention with the current process for approval was to prevent applicants from going through the education and then being told they were unqualified with the experience. However, with the unintended consequences Mr. Fagergren mentioned the Division is now asking to change the process to have the experience review conducted after the candidate has taken the education and passed their test. Mr. Fagergren noted there are rules which would accomplish this change which will be discussed and decided upon later in the meeting. Mr. Fagergren noted this new process would be similar to the real estate industry's broker approval process. Commissioner Gardner asked if Mr. Fagergren is proposing that a fee be added to the approval process if the approval is still done prior to the education being taken. Mr. Fagergren stated that would be an option if the rule is not adopted, but the Division feels the proposed change would be a better course of action. Mr. Barney and Mr. Fagergren discussed the current process also causes confusion with the one year application deadline; this would prevent confusion about whether the experience approval would be considered an application. Commissioner Gibson likes the changes since it would solve the problems Mr. Fagergren mentioned and would hold the applicants accountable for their application. Vice Chair Ashton asked how many real estate broker applicants are

denied for the experience. Mr. Fagergren stated there are not too many who are denied once they apply; however, there are more calls to clarify whether their experience would count or not. Commissioner Gibson made a proposal to adopt the change. However, the rule proposal later in the meeting would include these changes and it was decided to wait on the approval vote until that point in the meeting. Vice Chair Ashton asked for clarification on the rule adoption process. Mr. Barney outlined the process. Vice Chair Ashton asked if the Division was running into any issues to the candidates applying using the third experience option. Mr. Fagergren stated the Division does not often receive applications who utilize the third option; and there is typically not an issue with those that do qualify through the third option.

Commission and Industry Issues

Vice Chair Ashton turned the time over to Mr. Barney to present the new proposed rule changes to R162-2c-201 and R162-2c-204. There are some minor changes in R162-2c-201 which bring the rule into conformity with the approval of the UST; and which adopts the new lending manager application process as was discussed earlier in this meeting, including an additional provision which reiterates the application fee is a non-refundable fee. There are also changes to R162-2c-201 which update deadline for individuals who pass one portion of the lending manager examination and need to pass the other portion. The rule change in R162-2c-204 deals with the new Loan Originator continuing education course which was something the Commission decided to require as part of the decision to adopt the UST.

A motion was made and seconded to approve the proposed rule changes for filing to public comment. Vote: Vice Chair Ashton, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved with the concurrence from Director Stewart.

Mr. Fagergren reported he attended a meeting regarding NMLS 2.0. At the meeting he met other regulators, one of which told him of the increase in loan originators in their state after adopting the UST. Mr. Fagergren reported that Utah is currently the only state or jurisdiction which approves our own state specific CE courses; the other agencies have the courses approved through the NMLS. Now that we have adopted the UST, Mr. Fagergren considered that it might be appropriate to change that process. Mr. Fagergren outlined the history of why the current process is in place. Mr. Fagergren outlined the impact of the current process which slows down and impedes the application process for the licensees. Mr. Fagergren is proposing a change that the continuing education courses should be NMLS approved. Delays would be shortened, the process would be streamlined, and the licensees would be happier. The only potential downside which Mr. Fagergren anticipates that the Division Caravan might not be approved for a full two credit hours through the NMLS. However, last year only 153 or 3% of all mortgage licensees attended caravan. Vice Chair Ashton asked for clarification on the NMLS approval process and if the other states still create the course requirements. Mr. Fagergren and Vice Chair Ashton discussed and clarified the NMLS course approval process.

Commissioner Gibson does not see a problem with the NMLS approving the course based on the course outline and requirements decided by the Commission and Division. Mr. Fagergren stated he will contact the NMLS to see what will be required to move forward with that change. Commissioner Gardner agrees with everything that Mr. Fagergren said regarding the history and his reasoning in making this change. Commissioner Gibson asked if this change would follow the same rule process as all other rules and subject to the public comment period. Mr. Fagergren stated that it would, but he doesn't anticipate there being much negative opinion on the change. The only possible downside would be with schools maybe having higher fees. Commissioner Gardner asked if Mr. Fagergren knew the difference in fees and he did not at this time.

A motion was made to adjourn the meeting. Vote: Vice Chair Ashton, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved; however, prior to the meeting adjourning, Mr. Barney asked for a clarification that the earlier motion to approve the proposed rules covered all the rules changes presented to the Commission today. The Commission confirmed that all the proposed rule changes presented to the Commission today were approved.

The meeting adjourned at 10:08 a.m.